

# Water Project Fund

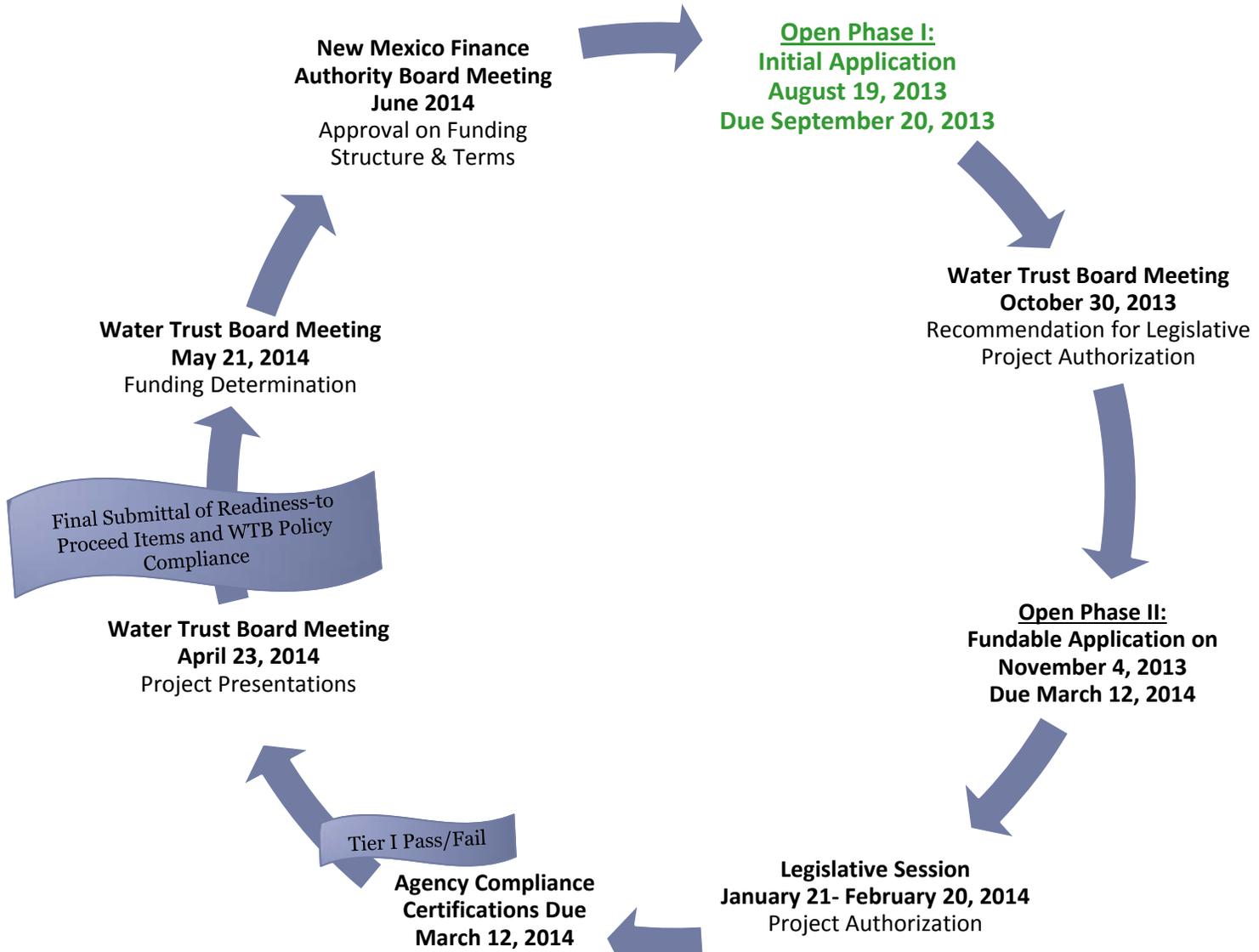
New Mexico Finance Authority  
Oversight Committee: Agenda Item # 6  
August 26, 2013

Presented by : John Gasparich and Jana Amacher  
New Mexico Finance Authority



# WPF Application: A New Process

- ❖ Provides a greater list of applicants at an earlier timeframe for legislative authorization
- ❖ Supports greater levels of regulatory compliance
- ❖ Maintains high standards of funding water projects through the Water Project Fund



# Water Project Fund Application Cycle 2014

# WPF Application: A New Process

By statute, the Water Trust Board may fund **five** types of projects:

1. Storage, Conveyance and Delivery of Water;
2. Implementation of the Endangered Species Act Collaborative Programs;
3. Restoration and Management of Watersheds;
4. Flood prevention; and
5. Conservation, Recycling, Treatment or Reuse.

# WPF Application: A New Process

**The application has two phases that provide for:**

- ❖ **Applicant information for the New Mexico Finance Authority Oversight Committee well in advance of the legislative session; and**
- ❖ **Provides greater time for the communities to complete the all-encompassing components of a complete application in a relevant timeline for funding determination.**

**Phase 1- Initial Application: August 19 – September 20, 2013**

**Phase 2-Fundable Application: November 4, 2013 - March 12, 2014**

# WPF Application: A New Process

## **Phase 1- Initial Application:**

- ❖ Now open for application: August 19 - September 20, 2013.
- ❖ Electronic application form available on [www.nmfa.net](http://www.nmfa.net).
- ❖ Consists of project information that includes a project description, project type, preliminary cost estimate, application certification and applicant contact information.

## **Phase 2-Fundable Application:**

- ❖ More time to complete an application: November 4, 2013-March 12, 2014.
- ❖ Consists of in-depth project and applicant information.
- ❖ Gives direction to applicants to work with the regulatory agency to ensure compliance with existing laws and regulations.
- ❖ Requires certifications by the respective agencies to verify compliance.

# WPF Application: A New Process

## **Phase 1- Initial Application Review: September 20 – October 30, 2013**

- ❖ A complete list of all submitted Initial Applications will be previewed at the next **NMFA Oversight Committee** meeting in Las Cruces, September 30 – October 2, 2013.
- ❖ **Legal Review:** Initial Applications are reviewed for project and applicant eligibility per the Water Project Finance Act by the New Mexico Finance Authority General Counsel and Counsel from the Office of the State Engineer. These qualified Initial Applications are then reviewed and approved by the Water Trust Board for presentation to the Legislature.
- ❖ The **Water Trust Board** recommends a list for legislative authorization at the October 30, 2013 meeting.

# WPF Application: A New Process

## **Legislation:**

- ❖ The recommended project list is presented at the **NMFA Oversight Committee** meeting on October 31 – November 1, 2013 for proposed legislation.
- ❖ Fifty Second Legislature, January 21 – February 20, 2014.
- ❖ Authorization bill passes and is reviewed and signed by the Governor of New Mexico.
- ❖ Legislation enacted – Phase 2 review commences: regulatory compliance certification, then compliant entities' applications are evaluated by the seven agency Project Management Team.
- ❖ Previous authorization bills have been sponsored by:
  - ❖ 2013 Senator Mary Kay Papen SB228
  - ❖ 2012 Representative Andy Nuñez HB95
  - ❖ 2011 Representative Andy Nuñez HB143
  - ❖ 2010 Representative Andy Nuñez HB56
  - ❖ 2009 Senator Carlos R. Cisneros SB405

# WPF Application: A New Process

## **Phase 2- Fundable Application Review:**

**Timeline: November 4, 2013 – March 12, 2014**

- ❖ Applicants complete the comprehensive detailed application.
- ❖ Applicants are directed to work directly with key agencies to be in compliance with the:

<u>Office of the State Engineer (OSE)</u>	<u>New Mexico Environment Department (NMED)</u>
Water Rights	Safe Drinking Water Act
Water Conservation Plan	Certified Operator
	Sanitary Projects Act
- ❖ In addition, applicants must be compliant with:
  - State Audit Rule
  - Approved Operating Budget
  - Financial Statements (three year minimum, unless the applicant is newly created and three years of financial statements are unavailable.)
  - Open Meetings Act Resolution
- ❖ Certification on each of these compliance factors must be secured to move forward in the next level of review.

# WPF Application: A New Process

**Phase 2- Fundable Application Review :**  
**Eligibility and Prioritization Criteria**  
**Timeline: March 12 to April 23, 2014**

- ❖ The applications from compliant entities will be reviewed and ranked by the seven agency Project Management Team using the Water Trust Board's approved criteria.
  
- ❖ The minimum criteria includes:
  - ✓ **Cost-Effectiveness of Water Project**
  - ✓ **Water Rights Scientific, Hydrologic & Biological Studies**
  - ✓ **Comprehensive Solution/Measurable Outcome**
  - ✓ **Immediate Threats to Public Health, Safety & Welfare**
  - ✓ **Regional Dispersion**
  - ✓ **Local Effort**
  - ✓ **Ability to Pay**
  - ✓ **Ability to Leverage Federal Funds**
  - ✓ **Readiness to Proceed**
  - ✓ **Life of Water Project**
  - ✓ **Urgent**
  
- ❖ April 23, 2014 Water Trust Board Meeting: project presentations and final submittal of readiness-to-proceed items.

# WPF Application: A New Process

## **Phase 2- Fundable Application Review: Eligibility and Prioritization Criteria (Continued) Timeline: April 23 – May 21, 2014**

The seven agency Project Management Team reviews projects in order of priority and provides a recommendation to the Water Trust Board that include funding amounts, a final scope of work (ex: construction/planning/design) and policy compliance.

- ❖ Prioritizes projects that are ready **to put the shovel in the ground** with all water rights, funding and design requirements in place at the time of award.
- ❖ Prioritizes regional projects and projects that share services to achieve operating efficiencies.
- ❖ Prioritizes projects that leverage state funding with local and federal funds.
- ❖ Prioritizes urgent projects.

# WPF Application: A New Process

**Phase 2- Fundable Application:  
Local Contribution – to Funding  
Timeline: April 23 – May 21, 2014**

- ❖ **Policies require minimum contributions from all applicants in the form of matching funds.**
- ❖ **Mandatory loan component between 10% - 40% for all entities supported by a rate-paying constituency.**
- ❖ **Projects undertaken by Tribal governments, watersheds, and endangered species collaborative programs are able to substitute additional matching funds for the loan component.**
- ❖ **Annual “hardship waivers” available for systems not yet able to make loan payments.**
- ❖ **The Water Trust Board determines funding on terms and conditions established by the Water Trust Board and the New Mexico Finance Authority.**
- ❖ **New Mexico Finance Authority then makes loans and grants to qualified entities for projects prioritized by the Water Trust Board and authorized by the Legislature.**

# WPF Application: A New Process

- ❖ The seven-agency Project Management Team is comprised of staff from:
  - New Mexico Environment Department
  - Department of Game & Fish
  - Department of Agriculture
  - New Mexico Finance Authority
  - Department of Finance & Administration
  - Office of the State Engineer
  - NM Energy Minerals & Natural Resources Department

***These agencies work in collaboration to ensure all applications submitted receive a comprehensive evaluation.***

# The Water Project Fund

In 2001 the New Mexico State Legislature, through the Water Project Finance Act, created the Water Project Fund and the diverse Water Trust Board.

Water project recommendations to the Legislature come from a consensus among this broad representation of interests on how best to address New Mexico's water needs into the future and how to best allocate precious resources.

## The **Water Trust Board**:

- ❖ recommends projects to the Legislature for financing from the Water Project Fund; and
- ❖ adopts rules and regulations governing the terms and conditions of grants or loans made from the Water Project Fund.

# The Water Trust Board

## The current membership:

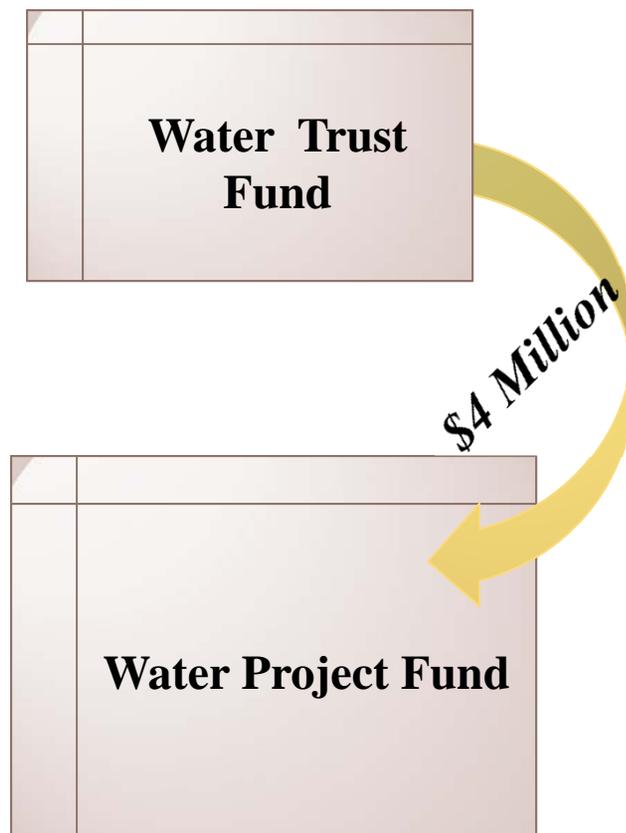
Name	Representing
Scott Verhines, Chair	State Engineer
William F. Fulginiti, Vice Chair	New Mexico Municipal League
Trudy Healy, Treasurer	Irrigation or Conservancy District, Surface Water
David Martin, Secretary	Department of Energy, Minerals & Natural Resources
Paul Gutierrez	New Mexico Association of Counties
John Gasparich	New Mexico Finance Authority
Ben Shelly	President, Navajo Nation
Jeff M. Witte	Department of Agriculture
Tom Clifford	Department of Finance & Administration
James Lane	Department of Game and Fish
Richard Luarkie	New Mexico Commission on Indian Affairs
Brent Van Dyke	Soil & Water Conservation Districts
Joseph David Ortiz	Acequia Water Users
Ryan Flynn	New Mexico Environment Department
Shelly Herbst	Environmental Community
Vacant	Irrigation or Conservancy District, Ground Water

# Financial Assistance

Funding from the Water Trust Board is supported through the financial framework of these three funds for statewide water projects.



# Financial Assistance



## ***Water Trust Fund***

- Held in the State Treasury
- Invested by the State Investment Officer
- Endowed with \$40 million in Spring 2006
- Fall 2006: the Water Trust Fund became a Permanent Fund
- Annual distribution of \$4 million into the Water Project Fund

# Financial Assistance

## ***Water Project Fund***

- ❖ Created in the New Mexico Finance Authority
- ❖ Receives an annual 10% distribution of the State's Severance Tax Bond Proceeds (\$33.2 million in 2013, estimate \$31.3 million in 2014)
- ❖ Receives an annual distribution from the Water Trust Fund (\$4 million in 2013)
- ❖ Net 10% of funds for water rights adjudication (\$3.7 million in 2013)
- ❖ Loans and grants awarded to authorized and qualified water projects (\$36,749,760 awarded in June 2013, \$31.7 million estimated available for water projects in 2014)

Severance Tax Bond  
Proceeds  
Plus  
Water Trust Fund  
Distribution

Net 10% Adjudication

**Water Project Fund**

Project Funding

# Financial Assistance

## ***Acequia Project Fund***



- ❖ Created in 2004, provides grant funding to legislatively authorized acequia projects
- ❖ Endowed with \$200,000 by private donation; \$25,000 remaining for new projects
- ❖ Eight projects have been awarded to date totaling \$175,000
- ❖ January 2009, rules and polices were adopted establishing a means to award acequia project funds
- ❖ Projects are reviewed by an inter agency team with staff from the New Mexico Finance Authority & the Interstate Stream Commission
- ❖ The Acequia Project Fund projects are prioritized by the Water Trust Board for recommendation to the Legislature and funding by the New Mexico Finance Authority

# Adjudication Funding

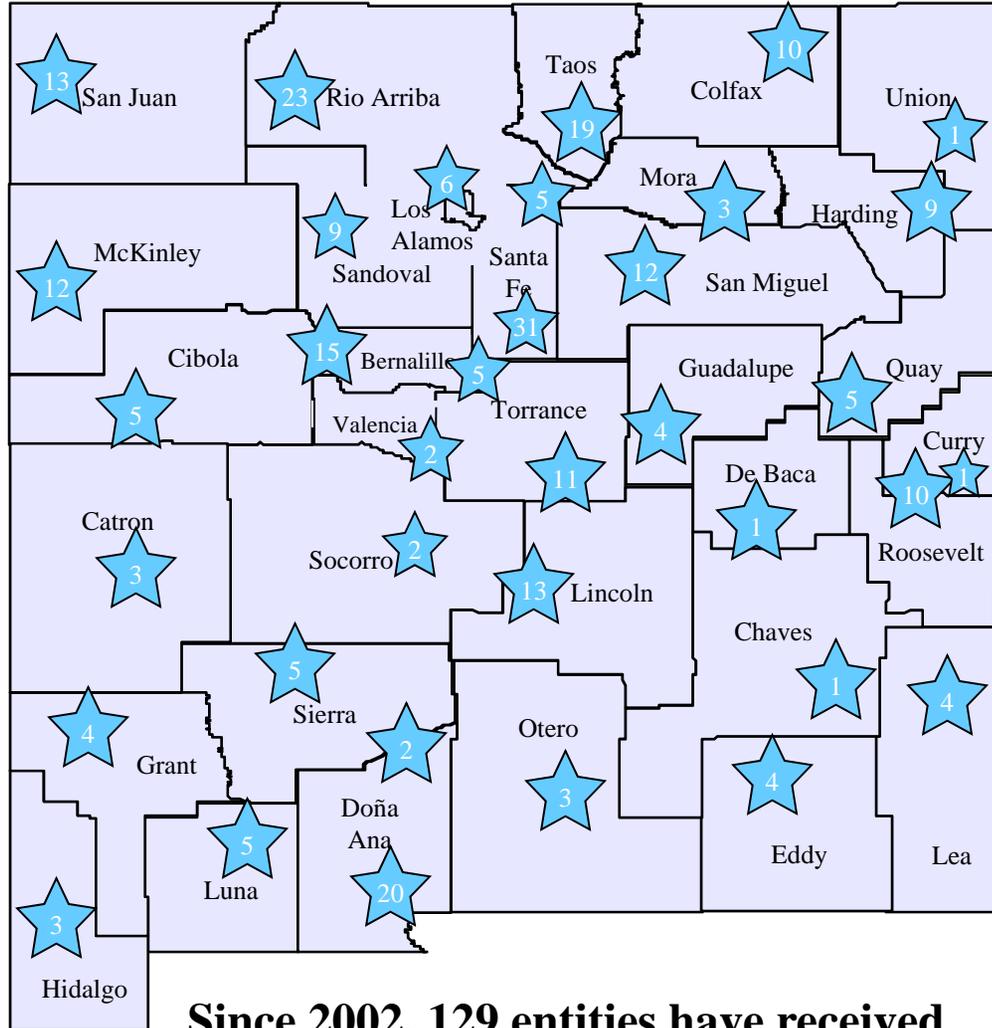
The 2005 legislature created House Bill 1110 which transfers 10% of the WTB funding to the State Engineer for water rights adjudication:

- ❖ 10% of the funds in the Water Project Fund are appropriated to the Office of the State Engineer (and the Administrative Office of the Courts) for water rights adjudication.
- ❖ Of the 10%, 20% of the funds is allocated to the Administrative Office of the Courts for eligible costs associated with those adjudications.
- ❖ 2014 estimated amount for adjudication is \$3,530,000.

❖ **Water Project Fund Adjudication Funding Year to Date**

• 2005	\$1,772,140
• 2006	2,792,653
• 2007	4,333,755
• 2008	3,624,630
• 2009	4,256,835
• 2010	3,364,527
• 2011	3,047,130
• 2012	3,041,593
• 2013	3,728,002
<b>Total</b>	<b>\$29,961,265</b>

# Water Trust Board Projects



**Since 2002, 129 entities have received approval for 281 funding awards totaling \$291,908,690**



County	# of Awards	Amount
Bernalillo	15	\$14,435,399
Catron	3	\$449,731
Cibola	5	\$2,412,823
Chaves	1	\$340,000
Colfax	10	\$5,567,000
Curry	1	\$4,113,450
Curry & Roosevelt	10	\$30,532,692
De Baca	1	\$385,000
Doña Ana	20	\$30,531,562
Doña Ana & Sierra	2	\$1,020,000
Eddy	4	\$2,860,000
Grant	4	\$983,990
Guadalupe	4	\$3,643,944
Harding	9	\$4,659,143
Hidalgo	3	\$1,402,781
Lea	4	\$6,115,720
Lincoln	13	\$7,008,758
Los Alamos	6	\$3,887,860
Luna	5	\$2,476,455
McKinley	12	\$28,879,754
Mora	3	\$1,482,877
Otero	3	\$7,835,000
Quay	5	\$6,140,273
Rio Arriba	23	\$15,072,923
San Juan	13	\$12,711,870
San Miguel	12	\$7,609,798
Sandoval	9	\$7,072,344
Santa Fe	31	\$37,438,262
Santa Fe & Rio Arriba	5	\$6,582,885
Sierra	5	\$3,590,331
Socorro	2	\$3,434,222
Taos	19	\$19,182,643
Torrance	11	\$6,844,200
Torrance, Bernalillo & Santa Fe	5	\$2,102,000
Union	1	\$2,000,000
Valencia	2	\$1,103,000

# Water Project Fund

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